



Ninety-Eighth Legislature - First Session - 2003
Committee Statement
LB 285

Hearing Date: February 20, 2003

Committee On: Revenue

Introducer(s): (Landis)

Title: Change the sales tax rate

Roll Call Vote – Final Committee Action:

Advanced to General File

X Advanced to General File with Amendments

Indefinitely Postponed

Vote Results:

5	Yes	Senators Connealy, Hartnett, Janssen, Landis and Raikes
2	No	Senators Baker and Redfield
0	Present, not voting	
1	Absent	Senator Bourne

Proponents:

Senator David Landis
Roger Keetle

Representing:

Introducer
Nebraska Hospital Association

Opponents:

Mark Vasina

Representing:

Nebraskans for Peace

Neutral:

Ron Sedlacek

Representing:

Nebraska, Omaha and Lincoln Chambers of
Commerce
National Federation of Independent Business

Summary of purpose and/or changes:

LB 285 would amend section 77-2701.02 to extend the current 5.5 percent state sales tax rate from October 1, 2003 until the end of the biennium, July 1, 2005. On that date, the rate would again drop to 5 percent.

Explanation of amendments, if any:

The Committee Amendments replace LB 285 as follows:

Section 1 would amend section 77-2602 to make permanent the 30-cent increase in the cigarette tax enacted last year in LB 1085 (2002). Beginning October 1, 2004, 28 cents of the increase would be deposited in the General Fund (for a total of 49 cents less MIRF) and 2 cents in the Building Renewable Fund (309 Fund) for a total of 7 cents.

Section 2 would amend section 77-2708 to make the temporary reduction in the wholesalers commission that was enacted by LB 46 in the August, 2002 Special Session permanent. The reduction is from 3.4 percent of the tax to 1.7 percent.

Section 3 would amend section 77-2701.02 to make the temporary sales tax increase enacted in LB 1085 (2002) permanent. Under the amendment, the tax rate would remain 5.5 percent indefinitely.

Section 4 would amend section 77-2715.02 to make permanent the temporary income tax increase enacted by LB 1085 (2002). The increase would be about 2.2 percent for each of the four individual income tax brackets and would be effective for all tax years beginning on or after January 1, 2004.

Section 5 would amend section 77-27,132 to provide that the sales tax attributable to any sales tax rate in excess of 5 percent that is levied on motor vehicles be deposited in the General Fund instead of the Highway Trust Fund. This change would be operative when the bill would be operative, October 1, 2003.

Section 6 would amend section 77-4008 to make the temporary increase in the tobacco products tax enacted by LB 1085 (2002) permanent. The proceeds would be deposited in a cash fund instead of the Cash Reserve Fund after October 1, 2004.

Section 7. The bill would be operative October 1, 2003.

Section 8 would repeal the original sections.

Senator David Landis, Chairperson